

MDOT RESPONSE TO DLS ANALYSIS

*DLS Budget Analysis Issues*

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1. BWI Governance Study Group (Page 24)

**The Department of Legislative Service (DLS) recommends that MAA discuss the findings of the study group. MAA should be prepared to comment on the recommendations and what actions it plans to take as a result of the study group's findings.**

**MAA Response:**

The Governance Study Group's recommendations, and the current status of each recommendation, are listed below:

1. The governance structure for BWI should not be changed at this time.

Status: No action necessary.

2. The terms of the Maryland Aviation Commission members, currently three years, should be expanded to a minimum of five years to provide more continuity in the oversight of the Airport.

Status: This change would require legislation that will be drafted for consideration during the 2007 General Assembly session.

3. The budget for marketing and advertising at BWI should be increased to continue to reflect the competitive market in which BWI operates.

Status: Both the FY 2006 and FY 2007 budgets include \$2.7 million a year for marketing and advertising. It is anticipated that our FY 2008 budget request will include additional marketing and advertising funds once the new Executive Director completes a comprehensive evaluation of the MAA's marketing efforts.

4. The MAA should review all internal procedures and practices related to capital projects with the goal of reducing the time to finance, plan, design, and construct new facilities.

Status: Much of the MAA's capital program is subject to Federal Aviation Administration's guidelines and regulations. The MAA must strictly adhere to these regulations to meet FAA environmental, operational and safety requirements, but opportunities to streamline the process exist. To improve our capital programming efforts, the MAA recently completed a long-range financial model to better estimate the fiscal impact of proposed capital

## **J00I00 – MDOT – Maryland Aviation Administration**

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projects and has begun a long-range capital needs assessment. A review of all internal procedures and practices related to the capital program is ongoing.

5. The MAA should be administratively exempt from personnel and budgetary actions that are applied across all State agencies, including actions taken by DBM, the Governor, and the General Assembly to limit the number of positions at MAA. This recommendation should be construed to mean that the MAA should continue to be part of the Transportation Services Human Resources System and should continue to follow all existing personnel practices and policies. Furthermore, the State should recognize the significance of BWI to the State's economy and its continued success by providing the MAA with additional flexibility to manage its budget and personnel, without undermining necessary oversight and review of this State entity.

Status: MDOT has submitted a proposal to the budget committees that would add budget bill language to administratively exempt the Maryland Aviation Administration and the Maryland Port Administration from personnel and budgetary reductions that are applied across all State agencies. The proposal does not make any changes in State personnel law or limit the General Assembly's oversight over our budget.

6. The number of positions, currently 12 management positions, for which the Maryland Aviation Commission has the authority to determine qualifications, compensation and leave, should be expanded to provide the MAA with the flexibility to address recruitment, hiring, and retention of personnel with unique qualifications. The number of positions should be re-evaluated to include not only additional management positions once the original 12 are designated, but also non-management positions that require aviation expertise.

Status: The new Executive Director has begun a comprehensive evaluation of the MAA's personnel requirements, including the need for additional management positions approved by the Maryland Aviation Commission. The MAA will work closely with the Secretary's Office on any proposals requiring approval by the Maryland Aviation Commission, Department of Budget and Management and the General Assembly.

7. The MAA and MDOT should work more closely together to use the flexibility in the Transportation Services Human Resources System to create classifications and to facilitate recruitment and hiring for positions that have been difficult to hire and retain.

Status: The MAA and MDOT are working closely on several important recruitment and retention issues. Recently, a one-grade salary increase was approved for licensed plumbers. We are also developing hiring and retention bonus

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proposals for skilled tradesmen and other positions with significant recruitment and retention problems.

**2. Legislative Oversight of MAA Exempt Management Personnel Positions. (Page 24-26)**

**DLS recommends that Maryland Aviation Commission (MAC) reporting requirements should be comparable to those for MPC for similar positions. It is further recommended that budget bill language or legislation should change the reporting requirements to include an annual report to the Governor and the Legislative Policy Committee of the General Assembly on actions taken by MAC in the previous fiscal year in regard to:**

- **Positions added or removed from the 12 exempt positions;**
- **The appointment of a new person in one of these positions, including previous incumbent's salary as well as the current incumbent's salary;**
- **Salary changes by position, including previous salary, new salary, and change in salary; and**
- **An annual listing of all of the positions and salaries included in this exemption.**

**Furthermore, these positions and salaries should be listed in the annual back-of-the-bill language in the Governor's proposed budget.**

**MAA Response:**

MDOT concurs with the recommendation that the MAC reporting requirements for management personnel be comparable with the reporting requirements followed by the Maryland Port Commission. On or before December 1 of each year, the Maryland Aviation Commission will report to the Governor and Legislative Policy Committee on all management personnel actions taken by the Commission for the previous fiscal year. The report will also include a listing of all management personnel approved by the Commission and their annual salaries. We will also work with the Department of Budget and Management to include these positions and salaries in the annual back-of-the bill language included in the Governor's operating budget.

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***Operating Budget Recommended Actions***

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1. **Reduce funds for audit services. (Page 27)**  
**\$ 50,000 SF**

**MAA Response:**

The MAA concurs with the DLS recommendation.

2. **Reduce funds for customer service surveys. (Page 27)**  
**\$124,000 SF**

**MAA Response:**

The MAA respectfully does not concur with the recommendation to reduce \$124,000 for customer surveys and focus groups. Successful airports and companies such as McDonalds and Target routinely utilize surveys and focus groups to improve customer service and increase revenue. The MAA regularly utilizes the information from these surveys and focus groups to measure changes in travelers' satisfaction with BWI Airport and independently determine the success or failure of new and improved customer service initiatives.

The requested increase will enable us to complete an additional three customer surveys and focus groups each year. Regular customer feedback is a critical component in determining the pricing, selection and service of our parking and concession programs that generate nearly \$60 million of annual revenue. The \$124,000 is a cost-effective investment (0.2% of our annual parking and concession revenues) that will provide us with additional information to better meet the needs of our customers and generate additional revenue for the Transportation Trust Fund.

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- 3. Reduce funds for telecommunications (Page 27)  
\$172,839 SF**

**MAA Response:**

The MAA respectfully does not concur with the DLS recommendation. The MAA is implementing, in phases, comprehensive improvements to our communication systems throughout the Airport complex.

Additional maintenance funds is required to support the MAA's improved telecommunications system. During the past two years, the number of telecommunications systems on the MAA's network doubled and six telecommunications systems were upgraded. Back-up servers have been installed to ensure continuous operation of critical communications systems. In addition, the warranties for emergency telephones and call boxes in our parking garages and remote parking lots have expired, and maintenance and repair contracts are required to ensure that our passengers can immediately reach the police or paramedics when emergency assistance is required.

- 4. Reduce funding for miscellaneous communications charges to the average of the past three years actual spending. (Page 27)  
\$36,338 SF**

**MAA Response:**

The MAA concurs with the DLS recommendation.

- 5. Reduce funding for vehicle maintenance and repair based on average of past three years' actual usage at the Baltimore/Washington International Thurgood Marshall Airport. (Page 28)  
\$36,771 SF**

**MAA Response:**

The MAA concurs with the DLS recommendation.

- 6. Reduce funding for vehicle insurance. (Page 28)  
\$20,273 SF**

**MAA Response:**

The MAA respectfully does not concur with the DLS recommendation. The Treasurer's Office determines all insurance premiums and the funding is transferred by the

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Comptroller's Office at the beginning of the fiscal year. This recommendation would result in a \$20,000 shortfall in the State's insurance program.

- 7. Reduce funds for bookbinding and photography. (Page 28)  
\$15,072**

**MAA Response:**

The MAA concurs with the DLS recommendation.

- 8. Reduce funds for extermination to reflect actual usage. (Page 28)  
\$50,597 SF**

**MAA Response:**

The MAA concurs with the DLS recommendation.

- 9. Reduce funding for laundry services to the 2006 appropriation. (Page 28)  
\$16,350 SF**

**MAA Response:**

The MAA concurs with the DLS recommendation.

- 10. Reduce funds for maintenance and repair of other vehicles, which includes heavy trucks and fire rescue specialized vehicles. (Page 28)  
\$35,408 SF**

**MAA Response:**

The MAA concurs with the DLS recommendation.

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- 11. Reduce funding for equipment rental to reflect actual usage. (Page 28)  
\$117,453 SF**

**MAA Response:**

The MAA concurs with the DLS recommendation.

- 12. Reduce funding for equipment repair and maintenance. (Page 28)  
\$200,000 SF**

**MAA Response:**

The MAA concurs with the DLS recommendation.

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*Paygo Capital Budget Recommended Actions*

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1. **Reduce funds for additional temporary assistance. (Page 30)**  
**\$17,894 SF**

**MAA Response:**

The MAA concurs with the DLS recommendation.

2. **Eliminate funding for other technical and special fees. (Page 30)**  
**\$4,450 SF**

**MAA Response:**

The MAA concurs with the DLS recommendation.

3. **Reduce funding for out-of-state travel. (Page 30)**  
**\$40,000 SF**

**MAA Response:**

The MAA concurs with the DLS recommendation.

4. **Reduce funds for advertising and legal publications to more appropriate levels based on prior years' actual usage. (Page 30)**  
**\$36,960 SF**

**MAA Response:**

The MAA concurs with the DLS recommendation.

5. **Delete funding for the aircraft hangar at Martin State Airport. (Page 30)**  
**\$5,081,000 SF**  
**\$423,000 FF**

**MAA Response:**

The MAA respectfully does not concur with the recommendation to delete funding for an aircraft hangar at Martin State Airport. This project involves the construction of a 20,000 square foot hangar that would be fully leased by Black & Decker, a Fortune 500 Company headquartered in Maryland. The project also includes common-use ramp and taxiway improvements that will be utilized by other tenants at the airport. Construction bids for the project have been received and lease negotiations with Black & Decker are ongoing and are expected to be completed in March 2006.



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It would be premature at this time to delete funding for the project on the assumption that Black & Decker will construct the hangar itself and reimburse the MAA for \$300,000 of design costs incurred. The MAA respectfully requests that a final decision be deferred for two week until lease negotiations are completed. An updated status will be provided to the budget committees prior to decision meetings.

- 6. Reduce funding for the Homeowner Assistance Program. (Page 30)  
\$953,000 SF**

**MAA Response:**

The MAA concurs with the DLS recommendation.